NORTH DELHI POWER LIMITED

GRID SUB-STATION BUILDING, HUDSON LINES, KINGSWAY CAMP, DELHI - 110 009

WEBSITE: www.ndpl.com

PUBLIC NOTICE

REQUEST FOR PUBLIC RESPONSE

Petition for approval of Aggregate Revenue Requirement for Distribution (Wheeling and Retail Supply) Business for FY 2010-11 and True up for FY 2008-09

1. North Delhi Power Limited (hereinafter referred to as “NDPL”) had filed the Petition on December 1, 2009 before the Delhi Electricity Regulatory Commission (hereinafter referred to as “Commission”) for True-Up of FY 08-09, Revised Aggregate Revenue Requirement (ARR) and corresponding Tariff adjustment for FY 2010-11 under the provisions of the Electricity Act, 2003, Delhi Electricity Reform Act, 2000 to the extent applicable and the Distribution Tariff Regulations issued by the Commission dated May 30, 2007.

2. The salient features of the Petition are provided below:

Table 1 Summary of ARR and Revenues for NDPL at existing Retail Supply Tariff (RST)

S. No	Particulars	Unit	2008-09	2009-10	2010-11
A	Energy Input	MUs #	6325	6906	7320
B	Energy Billed	MUs	5161	5644	6105
C	Actual/Targeted AT&C Loss for the year $	%	14.82%	18.68%	17.00%
D	Average Power Purchase Rate	Rs./kWh	2.86	3.40	3.12
E	Power Purchase Cost at Average Power Purchase Rate (A x D/10)	Rs. Crores	1805.92	2347.28	2285.31
F	DTL bills on account of truing up	Rs. Crores	-	31.73	-
	O&M expenses	Rs. Crores	252.75	256.57	266.17
H	Correction of inflation factor	Rs. Crores	2.47	5.28	5.50
I	Increase in FRSR salary	Rs. Crores	12.12	12.56	16.88
J	Impact of Sixth Pay Commission	Rs. Crores	4.29	80.09	29.86
K	Depreciation	Rs. Crores	103.36	115.85	124.02
L	RoCE + Retail Supply Margin including interest	Rs. Crores	217.84	236.98	250.64
M	Other Expenses	Rs. Crores	70.85	38.20	21.83
N	*Less:* Other income including Non Tariff Income	Rs. Crores	62.26	29.86	30.63
O	**Aggregate Revenue Requirement (E+F+G+H+I+J+K+L+M-N)**	**Rs. Crores**	**2407.35**	**3094.65**	**2970.58**
P	Opening Revenue Gap up to FY 2007-08	Rs. Crores	360		
Q	**Revenue available for the purpose of ARR**	**Rs. Crores**	**2259.78**	**2532.38**	**2736.14**
R	*Less:* Reduction of Revenue Gap through additional revenues generated by reducing AT&C Losses better than Target level – **Consumer Share**	Rs. Crores	80.		
S	**Revenue Gap for the year at existing Tariff (O-Q-R)**	**Rs. Crores**	**67.57**	**562.27**	**234.44**
T	Carrying Cost during the Year @ 9%	Rs. Crores	35.48	67.02	49.18
U	**Total Revenue Gap (including Carrying Cost)**	**Rs. Crores**	**463.54**	**1092.84**	**1376.46**

Note:

MUs = Million Units

$ For FY 2008-09, the actual AT&C loss level achieved is shown, whereas for FY 2009-10 and FY 2010-11 the AT&C loss target set by the MYT Order has been shown

Revenue gap up to FY 2010-11

Table 2 Breakup of Revenue Gap

Breakup of the Revenue Gap (Rs. Crores)	2008-09	2009-10	2010-11
Opening Gap	360.49	463.54	1092.84
Gap during the Year	67.57	562.27	234.44
Carrying Cost @ 9%	35.48	67.02	49.18
Closing Gap	**463.54**	**1092.84**	**1376.46**

3. **Recovery of Revenue Gap up to FY 2010-11 – In order to recover this entire gap of Rs 1376.46 crores, the average tariff (fixed and energy charges) will be required to be increased by 50.31% for 2010-11.**

4. Certain tariff rationalization measures are also proposed, as described in brief below:

(a) **Proposal for implementation of Automatic Power Purchase Price Adjustment mechanism:** At present, due to the methodology of true-up of power purchase costs on the basis of actual audit accounts, it takes two years before the recovery of legitimate power purchase costs while discom has to make payments to power suppliers on an immediate basis. The Commission is requested to institute a mechanism for pass-through of variations in power purchase cost to consumers on a regular basis (at quarterly intervals).

(b) **Reduction in slabs for Domestic category:** To simplify the tariff structure and to reflect the true cost-of-service to the Domestic consumer category, only two slabs be retained for energy charges. This would reduce the amount of cross-subsidy that is currently being provided to the Domestic category by the Industrial category (since the Domestic category tariff is lower than the actual cost of supply to this category). The proposed two slabs are:

(i) 0-200 units per month; and

(ii) Above 200 units per month (with the rate of energy charges being higher for this slab)

(c) **Merger of MLHT and NDLT (Non-Domestic) consumer categories, and merger of SIP and LIP (Industrial) consumer categories:** To simplify the tariff structure, merger of MLHT and NDLT consumer categories is proposed since they both use power for the same "commercial activity" purpose. Similarly, since both SIP and LIP use power for the same "industrial activity" purpose, these two categories be merged as well.

(d) **Enhancement of load of consumers based on Consumption:** Sanctioned Load (SL) of consumers should be considered enhanced based on actual consumption, and the same should be revised for calculation of fixed charges and consumer security deposits. This would help consumers have an enhanced/reduced load based on their actual consumption.

(e) **Uniform fixed charges till the load of 5.0 kW:** Currently there are two slabs of fixed charges under 5 kW, with a majority of Domestic consumers having a sanctioned load less than 2 kW, although their connected load is greater than 2 kW. This gives undue advantage to consumers who have not increased their sanctioned load to the actual connected load. To avoid this, the Commission is requested to restructure the fixed charges for the Domestic category so that uniform fixed charges are levied up to 5 kW load.

(f) **Prepaid metering:** Prepaid metering has various benefits such as elimination of provisional billing and reduction in costs associated with metering/billing. In addition, it makes consumers more conscious about energy consumed. The Commission is requested to propagate prepaid metering. Consumers applying for temporary connections or caught in theft should be mandatorily required to take connections through prepaid meters only so that it may help regulate their electricity consumption.

(g) **Fixed charges and surcharge thereof, to be levied based on MDI reading for Domestic category consumers:** Provision of charging fixed charges based on MDI reading and where MDI reading exceeds the sanctioned load, levying a 30% surcharge on fixed charges corresponding to excess demand in kW for the Domestic category should be reintroduced in the tariff, since increase in demand by any consumer category more than the sanctioned load leads to overloading in the system and increases losses in the network.

(h) **kVAh billing for industrial and non-domestic consumers with MDI greater than 10 kW:** The Commission is requested to allow charging kVAh tariff from industrial and non-domestic consumers with MDI greater than 10 kW, since it encourages consumers to improve their power factor which eventually helps the system by lowering the load and reduction in losses

5. Performance of NDPL during FY 2008-09

- **Loss Reduction**

The AT&C loss level has been brought down to 14.82% at the end of FY 08-09 from AT&C loss level of 18.29% at the end FY 07-08. The MYT target for AT&C loss level at the end of FY 08-09 was 20.35% thereby resulting in an overachievement of loss reduction by 5.53% leading to additional revenue of Rs. 85.48 Cr to the benefit of Consumers.

- **Other key Improvements carried out:**

➢ 2 new grids have been commissioned during year 2008-09.

➢ 48 out of 56 grids are fully SCADA compliant and are being remotely operated.

➢ 3063 Distribution Transformers (including HVDS Transformers) installed.

➢ 245 MVA of Transformation Capacity added (including HVDS).

➢ For enhancing Consumer Convenience new facilities started such as Mini bill facility from Any Time Payment Machines, SMS service for payment details, new payment channels, etc.

➢ For effective disposal of the grievances of consumers visiting our Consumer Care Centres, we have provided the Video Conference Facility whereby consumer can directly interact with the back office; thereby saving time & travel and also having positive impact on Climate Change. This facility is currently available in 8 locations.

6. In accordance with the provisions of the Delhi Electricity Regulatory Commission Comprehensive (Conduct of Business) Regulations, 2001 notified by the Commission, the consumers and stakeholders are requested to submit the response on the above Petition. The response may be sent to the Secretary of the Commission at the following address by **February 4, 2010**. The response may be submitted personally or by post to the Commission. The response can also be e-mailed to the Secretary of the Commission at the e-mail address mentioned below.

DELHI ELECTRICITY REGULATORY COMMISSION
Viniyamak Bhawan, C-Block, Shivalik, Malviya Nagar, New Delhi - 110 017.
Email id: secyderc@nic.in Telefax: 011-26673608

7. The Commission would hold public hearings with the responding stakeholders subsequently. The date of the public hearings shall be notified separately by the Commission.

8. A copy of the Petition can be purchased from the head-office of the NDPL located at Substation Building, Hudson Lines, Kingsway Camp, Delhi-110 009 on any working day from 15/01/2010 to 4/02/2010, between 11a.m. and 4 p.m. on payment of Rs. 100/-, either by cash or by Demand Draft/Pay Order in favour of NDPL, payable at New Delhi.

9. The complete Petition is available at our website http://www.ndpl.com as well as the website of the Commission http://www.derc.gov.in. Copy of the Petition is available for inspection at our Head Office as well as the Commission's office at the addresses provided herewith, on any working day between 11 a.m. to 4 p.m.

For North Delhi Power Limited

Sd/

(Hemant Goyal)

DGM (Finance)